

CITY COUNCIL STUDY SESSION MINUTES

June 1, 2010

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:30 p.m. in the Municipal Building Conference Room on the 1st day of June, 2010, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Atkins, Butler, Cubberley, Dillingham, Ezzell, Griffith, Kovach, Mayor Rosenthal

ABSENT: Councilmember Quinn

CONTINUED DISCUSSION REGARDING PROPOSED UTILITY RATE INCREASES.

SANITATION

Mr. Ken Komiske, Director of Utilities, said the Finance Committee and City Council have reviewed the water and sanitation fund proposals several times to decide how to fund these services in the future. He said in the Sanitation Fund, the level of service includes residential automated collection and disposal; residential yard waste collection and composting; low income residential accounts; full commercial service; recycling centers; bulk waste collection; Spring and Fall clean ups; household hazardous waste collection day; and curbside recycling. He said additional services include emptying sidewalk trash receptacles on Campus Corner during football weekends; emptying sidewalk trash receptacles on Main Street; and providing trash service during special events and festivals such as the Medieval Fair, Norman Music Festival, Jazz in June, May Fair, Groovefest, Summer Breeze Concerts, etc. He said the Sanitation Department also provides service to the community during large volunteer group clean up events such as around Lake Thunderbird.

Mr. Komiske said the last sanitation rate increase was in July 2004, and in March 2008, curbside recycling was added for \$3.00 per month. He said since 2004, fuel prices have increased 41% for gasoline and 55% for diesel plus changes in engine emissions is \$8,000 per truck; landfill tipping fees increased from \$14 to \$18 per ton; truck costs have increased 40% to 55%, i.e., a front end loader truck costs \$147,000 in 2004 and \$222,000 in 2009; and increases in insurance rates as well as salaries and benefits.

Mr. Komiske highlighted two multi-year proposals, which will allow residential and commercial customers to prepare and budget for the changes.

Proposal I

First Year Increase	\$1.00 - 6.9%
Second Year Increase	\$.75 - 4.8%
Third Year Increase	\$.75 - 4.5%

Proposal II

First Year Increase	\$1.00 – 6.9%
Second Year Increase	\$1.00 – 6.5%
Third Year Increase	\$1.00 – 6.0%

Councilmember Cubberley said, according to budget projections, the Sanitation Fund would have a negative balance in FYE 13 under Proposal I and a positive balance under Proposal II. Mayor Rosenthal asked if the fund balance projections were based on a full year of rate increase and Mr. Komiske said yes. Councilmember Cubberley said gasoline prices have been volatile over the last two years and asked if Staff is projecting a 2% growth in terms of fuel expenses. Mr. Komiske said the 2% growth in materials and supplies is normal and since the City has two Compressed Natural Gas (CNG) vehicles, Staff is hoping this will help keep fuel expenses minimal. He said the City is also doing a Route Optimization Study to be more efficient. Councilmember Dillingham said Council needs to plan far enough in advance to avoid a future deficit and Proposal II accomplished that while being fairly conservative.

Councilmember Dillingham said the additional services of cleaning up after festivals, special events, and football games is a lot of work and suggested the events be charged for the service. Mayor Rosenthal felt that was something the City could explore. Councilmember Cubberley said he preferred Proposal II and Council concurred.

Councilmember Butler asked if the City had flexibility on how often yard waste is picked up and Mr. Komiske said Staff is reviewing reducing routes in the winter, but it would not be a substantial savings and would require an ordinance amendment.

Mayor Rosenthal suggested once the Route Optimization Study was complete, the City Council Oversight Committee review the study and make recommendations to Council. She felt in the future, Council should revisit a volume based system.

WATER

Mr. Komiske said Water Fund revenues are derived from utility customers for the sale of water and said weather can affect the revenues by millions of dollars. He said the last rate increase request was in 2006, and highlighted the projects that have been completed as a result of the increase:

- Arsenic Project – replaced 15 wells for source of supply
- Three projects from the Water Distribution Model
- Resurfacing water storage tanks
- Urban service area water line replacement
- Iron pipe replacement (needed due to hot soils)
- Water Treatment Plant Projects (filter media; sludge disposal; emergency generator; pre-disinfection; lime slakers)
- Meter replacement program
- 1.5 miles of raw water line from Lake thunderbird (due to be bid June 11, 2010)

Mr. Komiske said six new wells are complete and waiting on final regulatory approval and ten wells have been drilled, tested, and are waiting for well houses and piping system. He also talked about the Water Treatment Plant Rehabilitation Project, which includes a new clarifier, filter, rehabilitation, generator, chemical feed, and electrical upgrades.

Mr. Komiske said the City of Norman is the lowest cost provider compared to other cities nationwide. He said, compared to 2006, Norman customers are using less water and 90% of utility customers have a maximum statement of \$25.00 per month. He said with the proposed rate increase, Norman would still be a low cost provider averaged at \$30.00 per month. He said Norman's water rates are based on the amount of water used plus the base fee so the percentage of increase per customer will vary. He said the proposed residential rate increase is as follows:

	Existing	1st Year	2nd Year	3rd Year
Base Fee	\$4.00	\$4.00	\$4.00	\$4.00
0 to 5,000 (gallons)	\$2.00	\$2.25	\$2.40	\$2.55
5,001 to 15,000	\$2.10	\$2.60	\$2.75	\$2.90
15,001 to 20,000	\$2.75	\$3.25	\$3.40	\$3.55
Over 20,000	\$4.95	\$5.50	\$5.70	\$5.85

Proposed commercial rate increases are as follows:

	Existing	1st Year	2nd Year	3rd Year
Base Fee	\$4.00	\$4.00	\$4.00	\$4.00
Meter Multiplier		Yes	Yes	Yes
Per 1,000 gallons	\$2.10	\$2.50	\$2.75	\$2.95

Mr. Komiske said the meter multiplier is a concept not currently used by Norman, but is encouraged by the American Water Works Association (AWWA) and used by many cities. He said the meter multiplier systems require customers with larger meters to pay a larger amount for the base fee.

Councilmember Griffith said the base rate is charged for accounting costs for billing and reading meters and asked if \$4.00 covered those costs and Mr. Komiske said yes.

Councilmember Butler said some cities are beginning to use meters that do not require the meter readers to go into the customer's yard and asked if the City was looking at this and Mr. Komiske said yes, but it is expensive. He said a base water meter for a residential customer is approximately \$30 and the remote readers are approximately \$130. He said the City is starting with the large commercial customers where the meters are hard to access or unsafe for meter readers. He said they are also being installed on residential homes that have large lots where meter readers have to walk long distances between meters.

Mayor Rosenthal said Council will have First Reading of the election ballot ordinance tonight and Second Reading on June 22, 2010, for an August 24th election.

Items submitted for the record

1. Memorandum dated May 21, 2010, from Ken Komiske, Director of Utilities, to Honorable Mayor and Councilmembers, Trustees of the Norman Utilities Authority
2. Ordinance No. O-0910-37, Scenario I, and Ordinance No. O-0910-37, Scenario II
3. Sanitation Fund 33
4. Ordinance No. O-0910-38
5. PowerPoint presentation entitled, "Sanitation Fund," Norman Municipal Authority dated March 2010
6. PowerPoint presentation entitled, "Utilities Water Division," Norman Utilities Authority dated March 2010

The meeting adjourned at 6:12 p.m.

ATTEST:

City Clerk

Mayor